GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2108
ANSWERED ON:30.11.2007
DELAY IN DISBURSEMENT OF LOAN
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Will the Minister of FINANCE be pleased to state:

(a) whether the rejection rate of lean applications pending with the nationalized banks is very high and i nordinate delay has been reported in loan disbursemen ls;

(b) if so, the details thereof, bank-wise and the reasons therefore; and

(c) the steps taken by the Government to simplify the loan sanctioning process?

Answer

THE MINISTER OF STATE IS THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a) to (c) : Reserve Bank of India (RBI) has reported that they have no specific information in this regard. RBI has issued guidelines to banks on `Fair Practice Code for Lenders` which, interalia, stipulate that the lender should convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower`s acceptance of these terms and conditions, given with his full knowledge, on record. Terms and conditions and other caveats governing credit facilities given by banks/financial institutions, arrived at after negotiation by lending institution and the borrower, should be reduced in writing and duly certified by the authorized official. A copy of loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to the borrower. Further, lenders should ensure that there is proper assessment of credit application of borrowers, lenders must not discriminate between borrowers on grounds of sex, caste and religion in the matter of lending, etc. Banks are also required to inform the customer the reasons for rejection of loan. Further, non-adherence to prescribed time schedule in disposal of a loan application is a ground for filing complaint under Banking Ombudsman Scheme, 2006.